

**Internal Revenue Service
P.O. Box 2508, Room 7008
Cincinnati, OH 45201**

**Department of the Treasury
Exempt Organizations
Rulings and Agreements**

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Date: Dec 1, 2008

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL 4945.04-04

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L=

M=

N=

Z=

x=

Dear :

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated March 28, 2008.

Our records indicate that P was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

After conducting a multi-year study on entrenched intergenerational poverty, P has concluded that early childhood education is the single best way to markedly improve a lower-income child's prospects of escaping the cycle of poverty and underachievement. P is now implementing these findings through the L, which will expand the capacity and improve the quality of early childhood education. L will provide grants intended to strengthen schools serving younger children and expand the talent base of professionals in the field. P will initially conduct L in the greater Z area, and may in the future expand the L to other communities.

Part of the solution to the early childhood education crisis is to attract and retain high quality teachers and to create new pathways for their initial and ongoing training and professional development. P will operate two grant-making programs, called M and N, which will directly accomplish these objectives by providing tuition scholarships for students to attend innovative, high quality teacher training programs. The scholarships will be granted to students enrolled at accredited institutions described by IRC section 170(b)(1)(A)(ii).

This letter describes the N Program grants. Many colleges and universities do not offer a full range of coursework in the field of early childhood teacher training. As such, it may be beneficial for students enrolled in an early childhood education program at one institution to take classes and work with experts and scholars at other institutions. However, in order to do so, students often have to bear the extra tuition cost resulting from a lack of reciprocity between the schools. The N Program will award tuition grants to students who wish to enroll in relevant supplemental course work at other local schools, but face financial barriers. P anticipates at least 25 grants will be awarded up to a maximum of x, although this amount may be adjusted over time as a result of changes in tuition costs.

N program grants will be based on an evaluation of the students' demonstrated commitment to the field of early childhood education and their apparent intention to work as teachers following graduation. Enrollment in an educational program and a satisfactory academic record therein will be considered evidence of such commitment and intent. Grants are intended to defray the cost of a portion or all of the additional tuition amount and may also cover educational expenses related to such courses, such as required textbooks.

P will work with the appropriate institutions and their education departments to publicize the scholarship and to make the applications generally available to interested students.

Applicants will be required to complete an application form which will include an essay question and references. The application will request (1) the applicant's basic contact information, (2) information on the applicant's academic history and record, including institution attended, courses of study, degrees obtained, and grade point averages, (3) relevant professional experience, including employers' names and contact information, (4) awards and accolades, (5) information on supplemental courses the applicant intends to take, (6) an essay question designed to elicit information on the student's commitment to the field of early childhood education and intention to work as an early childhood educator after graduation, (7) professional and academic references, and (8) information and verification of the applicant's income.

Scholarship recipients will be selected on the following criteria:

- An undergraduate grade point average of 2.5 or above;
- Individual scores on each of the Reading, Writing, and Math Praxis I exams; and
- Conclusions which the selection committee draws from the applicant's essay, professional and academic references, and interview performance as to the candidate's commitment to early childhood education and intention to work as an early childhood educator following graduation; and
- Demonstration of financial need.

All applications will be reviewed by an independent selection committee comprised of experts in early childhood education training programs. No P employee or disqualified person with respect to P will be eligible for a scholarship, and no one serving on the selection committee will be in a position to benefit from the selection of scholarship

recipients. No award is or will be related in any way to the employment of an award scholarship recipient's parent or guardian.

Grant recipients will be provided with a letter describing the terms and conditions of the grants, including the purpose, amount, duration and reporting requirements of the grant and the requirement that the recipient remain in good standing at the school offering the supplemental coursework and the primary institution in which they are enrolled. There are no quid pro quo requirements for these scholarships.

Pursuant to Treasury Regulation Section 53.4945-4(c)(5), P will make payments directly to the school offering the supplemental coursework, which will agree to use the funds only to defray the expenses of a grantee who is enrolled in good standing. N grants are one-time renewable grants; however, past recipients may reapply for future scholarship grants.

P will retain all records pertaining to all scholarships under the N program necessary to satisfy the requirements of Treasury Regulation section 53.4945-4(c)(6), including:

- (i) Information P secures to evaluate the qualification of scholarship applicants;
- (ii) Identification of all scholarship recipients (including any relationship of such recipients to P sufficient to make such recipient a disqualified person of P within the meaning of Section 4946(a)(1));
- (iii) The amount and purpose of each grant; and
- (iv) All follow-up information obtained in administering the scholarship program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;

- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements